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U.S. Farm Exports Hit $8-Billion High in 1972

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This week's cover:

Laker loading corn at Chicago. Feedgrains contributed heavily to the new U.S. farm export record made during fiscal 1972, as large shipments went both to the USSR and to the EC. But exports from competing nations pulled down the size of U.S. shipments to Japan. See story on fiscal year exports, beginning this page.

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Another Fiscal Year Record for U.S. Agricultural Exports

By Dewain H. Rahe
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In 1971-72, U.S. agricultural exports again advanced to an alltime high, reaching $8 billion. The increase of 4 percent, or $200 million, was all in commercial sales for dollars. Shipments of animals and animal products jumped to more than $1 billion, a record for that export category; and shipments of soybeans and products passed $2 billion, a first for any category.

Higher prices were responsible for nearly all the increase: export value increases for soybeans, cotton, dairy products, cattle hides, fruits, nuts, vegetables, and feedgrains more than offset reductions in shipments of wheat, flaxseed, alfalfa meal, and animal fats. Volume, however, about equaled the record level of the previous year.

Fiscal 1972 had most of its agricultural trade misfortunes during its first half. First, the longshoremen's strike at east coast, west coast, and gulf ports severely hampered exports, although stepped-up shipments before and after the strike somewhat reduced the impact on the east coast and the gulf, and the St. Lawrence Seaway remained open for shifts from gulf ports. Second, the international monetary crisis created uncertainty in the foreign market, delaying the purchase of many U.S. products. Third, foreign production of grains, especially wheat, showed a substantial increase in 1971 which damped the demand for U.S. grains in July-December.

During the second half of the fiscal year, several improvements occurred. First, the period was relatively free of strikes (except on the west coast, Jan. 17-Feb. 21). Second, the bulk of the grain sold to the USSR last fall moved out. Third, economic growth picked up in most foreign countries. Fourth, reports of reductions in foreign grain production began to appear, stimulating U.S. sales. Fifth, the devaluation of the dollar and the revaluation of some major foreign currencies increased the competiveness of many U.S. farm products. However, flexible duties on variable-levy items, plus other European restrictions, offset much of this competitive edge. Nonetheless, January-June exports rose to a record $4.2 billion, from $3.9 billion the year before—enough to more than balance off the July-December slump.

Shipments to developed countries totaled $5.0 billion, or about the same as the previous year; but the composition of the trade changed considerably. For example, exports to Japan, the top market, declined by about 4 percent because of a sharp reduction in wheat and feedgrains. Exports to the European Community, on the other hand, rose about 7 percent to a record of $1.9 billion. Exports of items not subject to variable levies accounted for the increase. This outweighed

a decline in exports of variable-levy commodities caused by the sharp increase in EC wheat production that reduced import requirements.

Developing countries accounted for $2.7 billion of the year's total, up from $2.5 billion a year earlier. Shipments to South Vietnam, India, Brazil, and Morocco declined, while those to South Korea, the Philippines, Iran, Pakistan, Egypt, Afghanistan, Colombia, and Peru gained.

Sales to COMECON countries rose over $280 million, from about $170 million in 1970-71. The largest part of this increase came from feedgrain sales of $135 million to the USSR. Exports to other COMECON countries showed mixed trends, with increases for Poland and East Germany and decreases for Romania, Bulgaria, Czechslovakia, and Hungary.

Exports of **soybeans and products** jumped 6 percent to a new record of over $2 billion—the first commodity group ever to exceed that figure. Both prices and volume were up from last year's record.

Soybean exports rose to over 430 million bushels, from 424 million a year earlier. Top markets again were the EC, Japan, Spain, Canada (includes transshipments), Taiwan, Denmark, and Israel. Increased foreign demand for meal was the principal reason for the rise. The expanding livestock industries of many countries, especially those in Western Europe, are emphasizing improved feeding practices, which require greater use of high-protein feed. The high price of grains in the EC has also encouraged feeding of soybean meal.

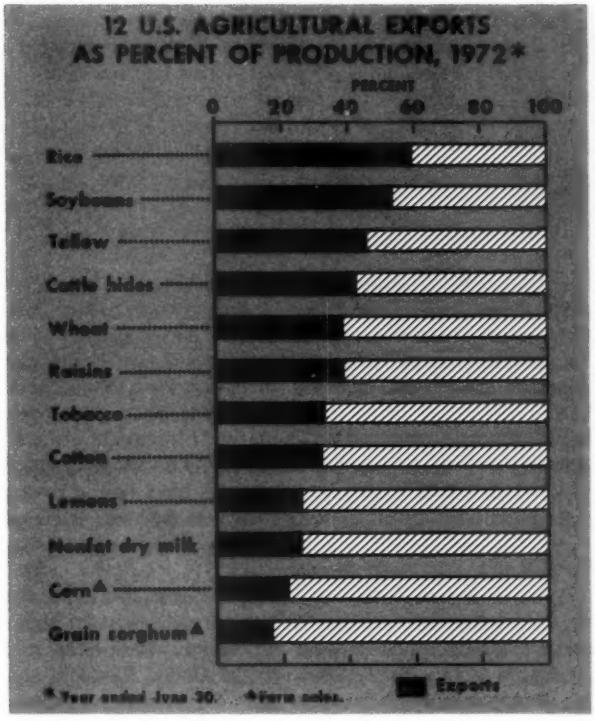
U.S. stocks were smaller in 1971-72 and prices higher, pushing export value up about 9 percent. Average unit value was $3.22 per bushel compared with $3.00 in 1970-71. For many foreign buyers, these higher prices were offset by the realinement of the U.S. dollar with other currencies. In Japan, the elimination of import tariffs on soybeans also helped maintain stable prices to Japanese buyers.

Combined exports of soybean oil and cottonseed oil were down slightly from last year's record level of 2.1 billion pounds. Still, the 1971-72 figure of 2.0 billion pounds was the second highest on record. Foreign consumption of vegetable oils continued to gain in both developed and developing countries, and strong demand for U.S. soybean oil contributed to the near-record export total; but foreign production of copra, palm and palm kernel oils, peanuts, and rapeseed rose sharply, somewhat reducing U.S. vegetable oil sales.

Protein meal exports totaled 4.5 million tons, down somewhat from a year earlier. However, value was about the same because of higher prices. Soybean meal accounted for over 90 percent of the total. U.S. meal exports, including the equivalent of oilseeds, accounted for about one-half of the world export total.

Exports of **grains and preparations** fell about 4 percent. Wheat accounted for the decline, totaling around 632 million bushels compared with 738 million a year earlier as increased grain production, especially of wheat, in the Northern Hemisphere reduced the demand for U.S. wheat.

A considerable part of the drop in wheat exports can be traced to losses during the longshoremen's strikes. For example, wheat exports through the west coast ports declined to 176 million bushels, from 214 million a year earlier. Down sharply were exports to India, Pakistan, Brazil, Japan, the EC, and the United Kingdom. Exports to Japan alone plunged from 106 million bushels to 80 million. Advancing somewhat, however, were exports to Iran, Mexico, Peru, Afghanistan, Syria, and Pakistan.



The average export value of wheat rose to $1.68 per bushel, from $1.65 per bushel in 1970-71 when feed wheat accounted for a large part of the total. This year, with the sharp drop in feedgrain prices, feed wheat exports fell.

Rice exports totaled 37.4 million bags, slightly more than a year earlier. Exports to the EC, Korea, and South Vietnam were smaller; those to India, Pakistan, and Bangladesh, larger. Heavy exports to developing countries in the last quarter of the year helped maintain the total. With increasing population and somewhat smaller production in a number of these countries, demand for U.S. rice rose sharply.

Exports of feedgrains rose about 1.7 million tons, to a total of 20.8 million. All the increase occurred in the latter months of the year. The continued growth of demand for livestock products throughout the developed and developing countries has created more demand for U.S. feedgrains. The current world meat shortage, in particular, has encouraged many livestock producers around the world to feed animals to heavier weights.

Purchase of 2.5 million tons of feedgrains by the USSR last fall—most of which moved in the second half of fiscal 1972—contributed to the overall gains; and exports to the EC were over one-half million tons larger than a year earlier. Also, reduced coarse grain production in some countries caused many foreign purchasers to turn to the United States for their feedgrain supplies. Corn production in Argentina, for example, fell by 4 million tons, and grain sorghum production, by 2.3 million. Corn production in South Africa rose to record levels, but South African exports are somewhat limited by handling and transportation facilities.

The rise in U.S. feedgrain exports might have been even

larger had not shipments to Japan declined by over 2 million tons, as Japan made more coarse grain purchases elsewhere—especially in Australia, Brazil, South Africa, and Thailand. In addition, Japan reduced its feedgrain import requirements by using 1.5 million tons of surplus rice for feed.

Cotton exports rose 8 percent in value, all of the increase stemming from higher prices. In quantity, cotton exports totaled 3.3 million bales, down slightly from the 3.7 million of a year earlier. Export value jumped to nearly $160 per bale from $132 the previous year.

Strong world demand for cotton has helped U.S. exports despite tight supplies and relatively high prices. Foreign non-Communist production in 1970-71 was down sharply, while consumption was up in both Communist and non-Communist countries, thereby pulling world stocks down to a 20-year low. U.S. exports have fallen sharply since March, when reports indicated that world production in 1971-72 would be substantially larger; and because of the big U.S. cotton crop expected in 1972-73, many foreign buyers have been delaying their purchases. Principal cotton markets this year included Japan, Canada, the EC, Indonesia, Taiwan, the United Kingdom, Korea, and the Philippines.

Tobacco exports, including bulk tobacco, totaled about the same in value as a year earlier. Quantity, however, fell to about 557 million pounds from 584 million. The decline was in exports of flue-cured tobacco to the United Kingdom and the EC, primarily West Germany. Other tobacco exports increased, including those of burley, Maryland, and dark fire-cured. Exports of bulk smoking tobacco also increased, to 33 million pounds compared with 29 million a year ago.

U.S. AGRICULTURAL EXPORTS: VALUE BY COMMODITY, FISCAL YEARS 1971 AND 1972

Commodity	1970-71	1971-72 [1]	Change
Animals and animal products:	*Mil. dol.*	*Mil. dol.*	*Percent*
Dairy products	131	195	+49
Fats, oils, and greases	273	229	−16
Hides and skins	186	237	+27
Meats and meat products	143	178	+25
Poultry products	55	57	+4
Other	115	115	0
Total	903	1,011	+12
Grains and preparations:			
Feedgrains, excluding products	1,096	1,118	+2
Rice	289	305	+6
Wheat and flour	1,201	1,047	−13
Other	119	133	+12
Total	2,705	2,603	−4
Oilseeds and products:			
Cottonseed and soybean oils	290	293	+1
Soybeans	1,273	1,391	+9
Protein meal	398	398	0
Other	110	140	+27
Total	2,071	2,222	+7
Other products and preparations:			
Cotton, excluding linters	492	530	+8
Tobacco, unmanufactured	570	570	0
Fruits and preparations	341	381	+12
Nuts and preparations	66	83	+27
Vegetables and preparations	208	230	+10
Other	400	420	+5
Total	2,077	2,214	+7
Total exports	7,756	8,050	+4

[1] Estimated.

Tobacco exports to Japan rose to 63 million pounds from 54 million the year before. Most importing countries, however, have been maintaining tobacco stocks at relatively low levels during the past year. Uncertainty about Rhodesia's future as an exporter has caused many foreign buyers to purchase only for current needs.

Exports of **animals and animal products** exceeded $1 billion for the first time. This new record was achieved primarily by increases for dairy products (primarily butter) and hides and skins, though meats—particularly beef and pork—also gained.

Dairy product exports rose in value by nearly one-half from a year earlier. All the increase was accounted for by butter exports, which leaped to $63 million from $3 million in 1971. The United Kingdom took nearly all of this gain. The substantial reduction in New Zealand's dairy production caused by 2 years of drought created a very tight world butter situation; in addition, the huge EC surplus of a few years back has disappeared. Thus the United States was the only major supplier that had enough to meet the U.K. demand.

Exports of hides and skins gained in value by over one-fourth from those of 1970-71. Foreign demand has been gaining slowly in recent years; but this year, supplies from other exporters were limited—particularly from Argentina, which reduced its cattle slaughter and used a larger portion of its hide production domestically.

Meat and meat product exports rose by about a fourth. Beef accounted for much of the difference, with sharp increases in exports of high-quality cuts to Canada and to tourist areas of the Caribbean, Asia, and Europe. Pork and variety meats also gained—pork, mostly in May and June, with Japan taking the increase. Although meat production around the world has been rising steadily in recent years, it has failed to meet the rise in world demand from rapid growth in income.

Exports of animal fats and oils fell by about 16 percent from those of 1970-71. Increased lard production and availability in Western Europe resulted in a substantial decline of U.S. exports to the United Kingdom, the most important market. Inedible tallow exports rose by about 100 million pounds to more than 3 billion; but value fell by about $14 million because of lower prices.

Poultry and poultry product exports rose 3 percent with most of the increase occurring in poultry meat, especially exports of chickens to Japan and Canada. The total for turkeys declined slightly because of higher EC supplemental levies, which effectively curtailed shipments to that area. Other poultry products showed relatively little change. Combined exports of baby chicks, breeding chicks, and other chicks totaled about $20 million, about the same as a year ago. As more countries have developed a foundation of breeding stock, export growth in these items has slowed somewhat.

Combined exports of **fruits, nuts, and vegetables** achieved a new record value in 1971-72. Exports of fruits rose to $381 million, 12 percent more than a year earlier. Most of the gain was due to fresh products. Demand for U.S. citrus has shown a sharp gain, particularly for grapefruit in Japan, where there continues to be a strong market for lemons. In addition, exports have been helped this year by the realinement of the U.S. dollar with other currencies, which has made U.S. products more competitive. At the same time, promotion of high-quality U.S. products has helped capture more markets and a

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U.S. Cotton Sales Team Visits Merchants and Mills In Five European Markets

By Frank G. McKnight
Associate General Sales Manager
Export Marketing Service

Tagging and weighing U.S. cotton before warehouse storage. Europeans want to buy cotton of known variety and origin.

With U.S. cotton production this year expected to be at the highest level since 1965, a U.S. cotton trade mission[1] visited France, the Netherlands, the United Kingdom, West Germany, and Italy this spring to explain the cotton situation in the United States and encourage cotton merchants and the textile mills in these countries to buy U.S. cotton.

The mission found strong interest in U.S. cotton and was assured that expanded purchases will be made if supplies of the various qualities are available at competitive prices. The mission was sponsored by the U.S. Department of Agriculture and Cotton Council International as a part of overall efforts by the U.S. Government and the cotton industry to renew and expand use of U.S. cotton in the countries of Western Europe.

The five countries visited normally import about 4 million bales of cotton annually. At times in past years they have obtained the bulk of their cotton imports from the United States. In 1970-71, however, France bought only about 5 percent U.S. cotton, the Netherlands 10 percent, the United Kingdom 15 percent, West Germany 6 percent, and Italy 14 percent. Current data indicate larger imports thus far in the 1971-72 season and, on the basis of forward sales reported by U.S. shippers, it appears that even further gains will occur for the 1972-73 season.

European attitudes. The countries were last visited by a U.S. cotton trade mission in 1968. Clearly, merchants, mill officials, and others welcomed the opportunity to exchange information and views again. They pointed out that other cotton-producing countries frequently send delegations to Europe to promote cotton sales; and they suggested that, if the United States has cotton to sell, it should send trade missions annually or at least biennially.

The Europeans made their usual complaints about the quality of some shipments, but they readily admitted that U.S. exporters are generally reliable and have delivered cotton pursuant to contract terms, in contrast to exporters in other countries who, on a rising market this season, frequently defaulted or employed government assistance to force price renegotiations.

The U.S. crop is practically all harvested by machines and, of course, such cotton is at a disadvantage competing in world markets with hand-picked cotton from the Middle East, Central and South Africa, and Asia. However, complaints on machine harvesting and objectionable ginning practices were not as severe as in prior years. The neppiness of U.S. cotton produced in certain areas was referred to by several groups; the mission recommends that work to remedy this situation be intensified. Some mill officials emphasized that for their needs the micronaire and strength of cotton are the key requirements—with declining importance attached to leaf and color. Interest centered on cotton stapling 1-1/16 inches and longer.

The Europeans expressed keen interest in obtaining cotton identified as produced in a single limited area from a single designated variety of seed. In their view, handling and merchandising cotton on this basis is conducive to delivery of even-running lots.

In talks with merchants and mill officials, the mission emphasized the magnitude and nature of research and market development projects now being carried out by the U.S. Government and the cotton industry. The response to these explanations was excellent. Several mill officials pointed out that the manmade fiber manufacturers have technicians who visit mills and provide various services in connection with spinning, weaving, and other operations. They ask whether the cotton industry can do the same.

Financing, packaging, transportation. The means available to European merchants and textile mills for financing cotton purchases apparently are adequate. Therefore, it does not appear that exports of U.S. cotton can be increased by encouraging the use of such facilities as Commodity Credit Corporation (CCC) terms and Export-Import Bank loans. The U.S. barter program accounted for exports of over 300,000 bales of cotton in fiscal 1971 to the five countries visited and seems satisfactory to the persons and firms involved.

The mission gave detailed explanations of new developments in netweight trade, experimental bale wrapping materials, adjustments being made at gins and compresses to produce the "uniform" or "universal" bale, container and barge shipments, and the like. With ever-increasing operating costs, especially for labor, European mills are vitally interested in any changes the

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[1] Mission leader was Mr. McKnight. Other members: Rudi E. Scheidt of Memphis, Tenn., and Charles C. Wisler, Jr., of Dallas, Texas, representing the American Cotton Shippers Association; G. Thomas Akers, Jr., of Bakersfield, Calif., representing AMCOT (a group of U.S. cotton firms); Jack G. Stone of Stratford, Calif., and Bruce N. Lynn of Gilliam, La., producer representatives; Leslie S. Rogers of Brussels, Belgium, representing the Cotton Council International; and Joseph A. Moss, Director, Cotton Division, ASCS.

U.S.-China Farm Trade: Past and Prologue
Part II — Pattern of China's Exports

By Harold C. Champeau
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Foreign Agricultural Service

China's total trade volume during the sixties was only 1 to 2 percent of total world trade and—in spite of China's size—about 20 percent smaller than Hong Kong's. As China's economy gains strength, trade should increase, with exports setting the pace by earning the foreign exchange required to support needed imports. Growth will be gradual, however, because of a strict pay-as-you-go trade policy and efforts to balance trade bilaterally.

China's exports increased steadily during the fifties to a high of US$2.1 billion in 1959, more than three times the 1950 level. Exports then declined sharply in the early sixties—reaching a new low of $1.4 billion in 1962—but increased again to a level of $1.8-$2.1 billion each year after 1965. In 1970, exports to non-Communist countries totaled $1.8 billion, which was approximately four-fifths of total exports.

The agricultural sector will be forced not only to continue providing the major share of exports, but also to feed an enormous, expanding population. Thus, the agricultural sector and its exports play a key role in determining the volume and trend of China's overall foreign trade.

This dependence on agriculture makes Chinese trade vulnerable. In 1955, 61 percent of total exports were agricultural commodities. In 1961, after a 3-year series of crop setbacks, agricultural exports dropped sharply to only 24 percent of the total and for the 4 years beginning in 1961, agricultural imports exceeded agricultural exports. This was a reversal of agriculture's usual trade support function.

With agricultural recovery in the mid-sixties, agricultural exports—and thus total exports and the total volume of trade—increased accordingly. By 1965, agricultural exports once again accounted for more than 40 percent of China's exports as the agricultural sector supported a growing volume of imports, including large amounts of wheat.

Nature of exports. When contrasted with the relatively narrow range of its agricultural imports, China's agricultural exports cover a very wide range of commodities. Several commodities have made especially valuable contributions to the balance of payments. For example, in the last half of the sixties Chinese agriculture's two leading hard-currency earners, rice and meat and meat products, had average annual earnings of $140 million and $136 million, respectively. Other leading exports were oilseeds, especially soybeans, and a wide assortment of fruits and vegetables. Towards the end of the 1960's, however, the values of several major exports had decreased.

In 1970, China's leading agricultural exports to non-Communist countries were: Fruits and vegetables ($131 million), rice ($82 million), silk ($77 million), meat and meat preparations ($70 million), live animals (to Hong Kong and Macao, $65 million), and soybeans ($46 million).

Other farm commodities earning from $10 million to $40 million each in sales to non-Communist countries in 1970 were crude animal materials, eggs, plants used in perfumery and pharmaceuticals, tea, bristles, cashmere, vegetable oils (excluding tung oil), feathers, sugar and honey, grains (excluding rice), hides and skins, and tobacco and tobacco manufactures.

Destinations of exports. China depended heavily on the Soviet Union and other Communist countries for the great bulk of its imports in the 1950's. Exports were also directed largely towards those countries—usually around 70 percent of total exports. In 1961, for the first time, China's exports to non-Communist countries exceeded those to Communist countries. The trend now is towards a steady increase in exports to non-Communist countries, which currently take 75-80 percent or more of China's annual exports.

Hong Kong is by far the largest market for China's exports. Many factors combine to create that special trade relationship including Hong Kong's location, its economic structure and large food requirements, the availability of hard currency foreign exchange there (in some years China earns up to half of its foreign exchange in Hong Kong), and ethnic ties and tastes. In 1970, exports to Hong Kong totaled $467 million, one-fourth of total exports to non-Communist countries.

The great bulk of China's exports to Hong Kong are food products, such as live animals for slaughter, fresh meat and other meat products, dairy products, eggs, rice and other grains, fruits and vegetables, and vegetable oils.

Japan, taking a quarter of a billion dollars' worth of exports in 1970, is China's second largest market, followed by Singapore. Western Europe is also an important market, with West Germany, the United Kingdom, France, and Italy taking $84 million, $80 million, $70 million, and $63 million, respectively, in 1970. China has attempted to cover part of its large wheat imports from Canada and Australia through exports to those countries, but the effort to "bilateralize" trade with those two countries has fallen far short of the mark.

Potential for Chinese agricultural exports to the United States. When commercial relations between China and the United States enter into an active stage, China will probably export a wide variety of specialized agricultural commodities and foods to the United States.

China's capability for agricultural exports is currently impressive, especially when the large Chinese domestic requirements are considered. Leading agricultural exports were noted earlier, but not all of them would be suitable for the U.S. import market—for example, rice, live animals, and soybeans (in quantity), to name three large Chinese money-earners.

Many of China's agricultural exports would appear to be good possibilities, however. These include silk, bristles, cooked meat products, wool, hides, cashmere, feathers and down, selected vegetable oils, processed fruits and vegetables, nuts, tea, spices, honey, medicinal herbs, and a wide assortment of ingredients for Chinese cooking.

The record of imports in the few

months since China began exporting agricultural commodities to the United States shows a sharp rise in the value and variety of imported commodities. In August 1971, the first month of "the new trade," imports were limited to only two commodities—14 metric tons of bristles valued at $185,000 and a little less than 7 tons of camel hair valued at $14,000.

In the following months, China's agricultural exports to the United States accelerated, reaching a total of $11.4 million by the end of May 1972. During that period the range of commodities broadened dramatically—from two commodities in August to some 90 food and agricultural raw material items. Bristles were the major import during the 10 months ($5.6 million) and cassia (Chinese cinnamon) next ($2.6 million), but values of major import items fell sharply thereafter.

U.S. agricultural imports accounted for about half of total imports from China during the 10 months ending in May, early evidence of China's dependence on agricultural exports for its foreign exchange earnings. Meanwhile, U.S. exports to China have been negligible.

Factors affecting U.S. imports of Chinese goods. The potential for agricultural trade from China to the United States must be examined on a commodity-by-commodity basis. There are a number of commodities which may prove neither possible nor profitable for China to export to this country because of unfavorable tariff structures, strict health and sanitary measures, or quotas and restraints.

Tariffs (MFN). Assuming the absence of most-favored-nation (MFN) treatment—which is a fact in this early stage of trade—what types of tariff disadvantages does China face in its exports to the United States? A few commodities will not be affected; for example, tea, tung oil, raw silk, certain wools, and certain essential oils may enter free of duty. Other items may enter at the same tariff level, with or without MFN. These include rice (not a likely U.S. import) and certain canned meat products, such as boned and cooked pork.

A very few Chinese commodities would be required to pay only a slightly higher rate of duty than that required with MFN—feathers and down, for example—but for most commodities which China might export (or, in fact, is already exporting to the United States without the benefit of MFN treatment), duties much higher than the MFN rates would be levied. Especially hard-hit would be certain fruit and vegetable products, hog bristles (charged at four times the MFN rate), a number of silk products (although raw silk could enter free), and several types of hides and skins and mushrooms.

Threshing rice in Liaoning Province. Rice exports have been used to finance China's wheat imports.

U.S. health and sanitary measures. Should it prove profitable, with or without MFN, for China to export specific agricultural commodities to the United States, the problem of U.S. health and sanitary regulations and inspections must be faced. Here, it should be stressed that the United States fully supports the GATT principle that health and sanitary requirements not be used to restrict international trade.

- Plant quarantine: U.S. plant quarantine laws and regulations are designed to prevent the introduction and spread of plant pests. Chinese agricultural products which would be prohibited or restricted from entry into the U.S. because of plant quarantine regulations include: Citrus fruits and other fresh fruits, fresh vegetables, corn, sorghum, green cocoa beans, and paddy rice.

A number of Chinese agricultural commodities would encounter no difficulties with U.S. plant quarantine. These include fibers such as silk, cotton, jute, flax and hemp, oilseeds, vegetable oils, dried fruits (such as raisins), polished or brown rice, barley, oats, buckwheat, millet, wheat flour, dried beans and peas, sugar, tea, roasted coffee, dried cocoa beans, and tobacco.

U.S. authorities might be able to lift some of the restrictions—on certain fruits and vegetables, for example—after they have had access to recent scientific reports, records, and other information concerning those crops as grown under Chinese conditions.

- Meat inspection: Meat and meat

products imported into the United States for human consumption must comply with U.S. standards for wholesomeness, sanitation, and labeling. Generally, meats for human consumption must be prepared in countries which have inspection systems approved by the U.S. Department of Agriculture and in processing facilities inspected and approved by USDA officials. Exceptions are rabbit and game and certain canned foods containing small amounts of meat; but those products are subject to inspection by the Food and Drug Administration (FDA) on entry into this country.

China depends heavily on exports of live animals, meat and meat products, and a wide range of other products of animal origin for an important share of its foreign currency earnings. (In 1970, exports of meat, meat preparations, and live animals to non-Communist countries accounted for 17 percent of earnings from those countries.)

Before any of its meat products or edible livestock byproducts may enter the United States, a lengthy process of obtaining U.S. approval for entry of Chinese meat products must be carried out. The process is often slow and difficult and could easily take 1 or 2 years.

• Animal health: USDA's animal health authorities have the responsibility of preventing the introduction and spread of foreign animal diseases. Regulations include an absolute prohibition against the import of domestic ruminants or swine and of fresh, chilled, or frozen meat of all ruminants or swine from countries declared to be infected with foot-and-mouth disease or rinderpest.

There are also other animal health regulations controlling the import of certain dairy products, hides and skins, and animal byproducts such as wool, bristles, and hair, which must be scoured, washed, or dyed or otherwise free of animal tissue, blood, or other foreign material.

Thus, certain Chinese livestock products might succeed in entering the United States after approval under USDA's meat inspection and regulations, only to encounter problems under USDA's animal health controls—not to mention possible difficulties with FDA regulations. Other products may be required to comply only with animal health requirements. This area of potential Chinese exports to the United States is thus one which will require careful study on a product-by-product basis.

• Food and drug inspection: The Food and Drug Administration (FDA) enforces laws and regulations which are intended to protect the public health and to prevent deception. Specifically, the FDA protects against the illegal or harmful existence of pesticide chemical residues and food additives and any other substances which make domestic or imported foods unfit for human consumption. Most, if not all, Chinese food products exported to this country will be subject to inspection by the FDA before entry is permitted. Labeling requirements might well be a problem area for Chinese packaged or canned foods.

Quotas and restraints. While certain types of potential agricultural imports from China will be subjected to inspection procedures to determine whether or not they are dangerous or undesirable from the standpoint of health, other types of Chinese agricultural commodities must be examined within the framework of import controls. Still others will be required to meet standards under USDA marketing orders.

• Section 22 import controls: Under Section 22 of the Agricultural Adjustment Act, the President is authorized to impose quotas and fees on imports of agricultural commodities when such commodities threaten to interfere with USDA price support programs.

Agricultural commodities currently controlled by Section 22 import quotas are: Cotton, cotton waste, and certain cotton products; wheat and wheat flour; a wide range of dairy products; and peanuts. Quotas are based on the record of trade. Since China has not exported these commodities to the United States in recent years, it would not qualify. However, the range of products now controlled under Section 22 is relatively narrow so its effect on potential Chinese exports would be limited.

• USDA marketing orders: Imports of specified fresh and dried fruits, vegetables, and tree nuts must comply with minimum standards of grade and size when their domestic sale is subject to a marketing order. Since fruit and vegetables were China's major commodities exported to non-Communist countries in 1970, it is conceivable that a number of Chinese exports to the United States would be subject to such regulations. This is unlikely, however, because plant quarantine regulations will deny most, if not all, fresh fruit and vegetables from entry into this country, at least until much more is known about current Chinese agricultural production practices.

Thus, the development of two-way agricultural trade between the United States and China will reflect the interactions of a complex of factors, with political considerations giving way to economic considerations. Many of those factors are negative and they will tend to inhibit trade in both directions.

For example, in its agricultural exports to China, the United States will find that two of its largest money-earners—feedgrains and soybeans—will not be required by China, short of a natural calamity. China will find the same true of its rice and soybeans.

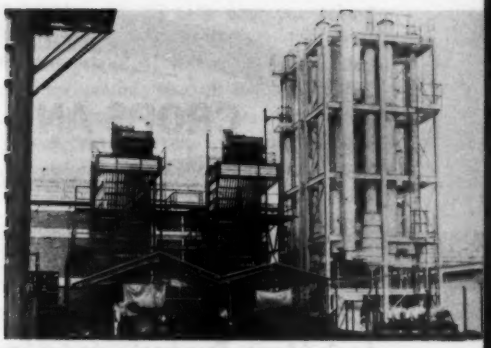
Potential large-volume commodity sales to China, such as wheat and cotton, will be determined not only by availability of foreign exchange, for which China relies so heavily on its agricultural exports, but also by the priorities assigned at any given time to a limited number of commodities selected from a large number of agricultural products which could or should be imported to raise consumption levels.

In its exports to the United States, China will not meet restrictions of foreign exchange but it will, at least in the beginning, encounter a comprehensive structure of U.S. health and sanitary regulations which will exert a strongly restrictive influence on the export of certain products which China would undoubtedly desire to sell to the United States. Fresh fruit and vegetables and meat and meat products are perhaps the best examples.

Despite these considerations (and without mention of the political aspects which further complicate U.S.-China trade), the United States is currently importing nearly $1.5 million worth of Chinese agricultural commodities each month.

This trade should increase. The outlook for U.S. agricultural exports, however, is less promising. Based on the lack of export evidence to date and in the absence of any dramatic development such as a large wheat sale, the U.S. agricultural export trade with China may prove painfully slow to develop.

Brazil's Record Orange Crop May Step Up Exports Of Processed Orange Juice



São Paulo orange juice plant.

U.S. exporters of concentrated orange juice may meet stiffer competition in some overseas markets in 1972 as a result of Brazilian export plans. Juice processing capacity in São Paulo has increased markedly during the past year, and a record orange crop forecast for the current year should enable citrus juice processors to boost exports considerably higher than those of a year ago.

Almost all of Brazil's processed citrus juice is exported and there is no immediate change foreseen in this pattern. The lack of a good distribution and storage system inhibits growth of domestic consumption. In addition, orange juice is consumed in Brazil only as a summer refreshment and not as a food and vitamin C source.

The orange crop in São Paulo, the State now producing between 70 percent and 80 percent of Brazil's total orange production, and the only one supplying the export market, has been forecast by the São Paulo Department of Agriculture (SPDA) at 58.3 million boxes or 2.3 million metric tons. This is a 26-percent increase over the previous year's outturn of 46 million boxes—1.8 million tons. (A standard box weighs slightly more than 88 pounds.)

This crop increase coincides with a sizable jump in the State's processing capacity, reported between 30 and 40 percent in the past year.

Most of São Paulo's processing growth has resulted from expansion of existing facilities, although two new plants are now under construction and are expected to be ready for use in 1973.

There are now seven plants operating and exporting from São Paulo and one small processing plant in Rio Grande do Sul, where limes and lemons are also important citrus crops.

The SPDA has estimated that approximately 35 million boxes of oranges will be processed for concentrated juice in 1972, although trade estimates are less optimistic and range from 30 million to 32 million boxes. There is a similar difference between the Department and the trade over the number of boxes converted into juice concentrate in 1971. Estimates for last year's orange utilization range from 20 million to 23 million boxes, with the SPDA favoring the higher figure.

Despite the statistical variation, it is likely that about 10 million more boxes of oranges will be processed in 1972 than last year.

Brazil began to export concentrated orange juice following the 1962 freeze in Florida that cut U.S. supplies of juice to traditional American markets. In 1963, São Paulo's orange crop was about 21.6 million boxes, of which only 9.8 percent (2.1 million boxes) were processed into juice. Since then the trends of both fresh orange and juice concentrate production have been generally upward. Based on SPDA figures, about 50 percent of the 1971 orange crop was processed into juice concentrate; the 1972 estimate is 60 percent.

SÃO PAULO'S ORANGE PRODUCTION AND PROCESSING

Year	Production	Fruit processed	Portion of crop
	1,000 standard cases[1]	*1,000 standard cases*[1]	*Percent*
1963	21,600	2,120	9.8
1964	16,160	1,610	10.0
1965	23,936	2,530	10.6
1966	29,856	4,240	14.2
1967	34,400	4,290	12.5
1968	35,560	10,106	28.4
1969	34,830	9,000	25.8
1970	44,350	14,000	31.6
1971	46,000	23,000	50.0
1972[2]	58,300	35,000	60.0

[1] Approximately 88 lb. each. [2] Forecast. São Paulo Department of Agriculture and Office, U.S. Agricultural Officer, São Paulo.

For the past several years, West Germany, also a major market for U.S. citrus juice, has purchased large quantities of Brazilian concentrated orange juice. Canada, the Netherlands, and several other European countries are also important customers.

The United States and Israel, both of which are citrus producers and exporters, have purchased large amounts of Brazilian orange juice depending on the status of their crops. In 1970, Brazil exported about 1,000 tons of concentrated orange juice to the United States. The following year, exports soared to 22,425 metric tons. Brazilian orange juice exports to Israel totaled more than 2,000 tons in 1970, but in 1971 they had dropped to less than one-fourth of this.

Trade sources predict that São Paulo's 1972 concentrated orange juice exports will increase by 30 to 40 percent, based on low inventory levels in Europe. The trade also forecasts a 10-percent increase in per ton price.

The distance between Brazil and its major markets is so great it is likely that Brazil will continue to emphasize shipments of concentrated orange juice. And at least for the present, it is expected that Brazilian producers of orange juice will continue to act as independent exporters, despite the pooling arrangement exporters use in marketing fresh citrus.

—Based on a dispatch from
CHARLES J. O'MARA
Assistant U.S. Agricultural Officer
São Paulo

CROPS AND MARKETS

LIVESTOCK AND MEAT PRODUCTS

U.S. Trade in Livestock, Meat And Meat Products for May

U.S. exports. The value of livestock, meat, and meat product exports reached a record monthly high of $78 million in May—40 percent above a year ago. Most of the increase is a result of higher per unit export values for cattle hides, larger shipments of pork to Japan, and slaughter cattle and beef to Canada.

Cattle hide exports totaled 1.4 million pieces in May—10 percent higher than last year. Larger shipments to Japan provided most of the growth in volume, but about 85 percent of the increase in total value was the result of a $4.00 increase in the per unit export value to $11.90 per piece.

Pork exports to Japan continued at higher levels in May and totaled almost 15 million pounds for the month and 21 million pounds for the year to date. Japan has a variable duty on fresh pork imports; but because of high domestic pork prices, the duties were suspended for the period April 15 through July 31. Canada and the United States are the major suppliers of pork to Japan.

Shipments of slaughter cattle and beef to Canada turned upward in April and continued their trend through May. Slaughter cattle exports to Canada totaled slightly over 8,300 head in May compared with the more normal level of 1,500 head a year earlier. May exports of beef to Canada were up 62 percent from last year to 3.4 million pounds. Canadian trade sources indicate that slaughter cattle imports from the United States will be back to normal levels in June.

U.S. imports. The May value of livestock and meat imports was a high for the year to date of $134 million—17 percent above a year ago and 2 percent above the previous month. Larger imports of boneless beef at higher per unit values contributed to the gain.

Boneless beef imports totaled almost 95 million pounds in May—up 37 percent from a year ago. The per unit export price of the product was up 2 cents per pound to 56 cents. Shipments from Australia and New Zealand, the two largest suppliers, were up 39 and 75 percent, respectively, to 44 million pounds and 25 million pounds.

Boneless beef accounts for over 90 percent of the imports subject to the Meat Import Law. If imports of these meats (fresh, chilled, or frozen beef, veal, mutton, and goat) are to reach 1,240 million pounds in 1972, imports of boneless beef will have to average 105 million pounds monthly for the remainder of 1972. For the first 5 months of 1972, the monthly average was 84 million pounds.

Imports of mutton from Australia at 10 million pounds turned down slightly from their record April level of 12.4 million pounds but were still significantly above their 1970 and 1971 average of about 3 million pounds per month.

Lamb imports were up 82 percent from May 1971 levels to total 6.2 million pounds. Over 70 percent of the lamb imported was from New Zealand.

Imports of feeder cattle from Mexico continued to turn downward in May and totaled only 41,000 head compared with 65,000 in April and 140,000 in March.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 2	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.04	+2	1.95
USSR SKS-14	(1)	(1)	1.85
Australian FAQ[2]	1.82	+1	1.72
U.S. No. 2 Dark Northern Spring:			
14 percent	1.90	−1	1.88
15 percent	1.99	0	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	1.82	0	1.83
No. 3 Hard Amber Durum	1.92	+1	1.80
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.65
Feedgrains:			
U.S. No. 3 Yellow corn	1.51	+1	1.58
Argentine Plate corn	1.74	0	1.71
U.S. No. 2 sorghum	1.49	+3	1.59
Argentine-Granifero sorghum	1.50	+3	1.62
U.S. No. 3 Feed barley	1.25	+1	1.17
Soybeans:			
U.S. No. 2 Yellow	3.87	+8	3.65
EC import levies:			
Wheat[3]	[4] 1.85	+5	1.43
Corn[5]	[4] 1.25	+2	.83
Sorghum[5]	[4] 1.23	+2	.84

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

Syria Sells Durum Wheat

Syria has sold 150,000 tons of its 1972 Durum wheat crop for export, destination unknown. This sale is Syria's first substantial export of wheat since 1964-65. Syria has imported over 400,000 tons of wheat in each of the past two seasons—mostly from Canada and the United States—but this year will probably take a smaller amount.

U.S. Commercial Wheat Exports Near Record Level in 1971-72

U.S. commercial wheat exports in 1971-72 are estimated at 425 million bushels. This is the third largest annual total, surpassed only by the record 505 million in 1970-71 and the 439 million in 1966-67.

For 1972-73, the recent U.S.-USSR grain agreement has strengthened prospects for commercial exports, and the total could exceed the 505-million-bushel record.

FRUITS, NUTS, AND VEGETABLES

Brazil Nut Estimate Higher in 1972

Brazil's 1972 commercial brazil nut harvest is expected to total an unusually large 55,000 short tons (in-shell basis), approximately 34 percent above last year's 41,000 tons.

The brazil nut tree is indigenous to the Amazon Basin with orchard-style plantings virtually nonexistent. Thus, commercial availability is dependent on transportation from the poorly developed interior to the markets along the coast and on workers' desire to harvest the product. Extension of the Trans-Amazon Highway and its branches is one factor cited for the increased harvests, as suppliers are no longer dependent solely upon the river system for transportation of their goods to market.

The minimum export prices established by the Bank of Brazil's Foreign Trade Department (CACEX) on January 1, 1971, remain unchanged.

For assorted nut sales, the minimum price will be the arithmetic average of the price of each type forming the assortment. For brazil nuts shipped from ports in the State of Amazonas, the above prices can be reduced by 1 U.S. cent per pound for shelled nuts and by 0.5 U.S. cent per pound for in-shell nuts.

In late June 1972, f.o.b. prices in Belem were: Shelled assortment, 56 U.S. cents per pound; in-shell dehydrated, 23 cents per pound; and in-shell natural, 18 cents per pound. These levels are similar to quotes of a year ago and the trade feels they will remain steady for the remainder of the 1972 season.

In 1971, exports of in-shell brazil nuts (including natural and dehydrated) totaled 20,002 tons with an average value of 17.8 cents per pound (1970 figures—27,692 tons, 13.2 cents per pound).

BRAZIL NUTS: MINIMUM EXPORT PRICES

Type	In-shell				
	Size		Price, f.o.b.		
	Natural	Dehydrated	Natural	Dehydrated	Polished
	Nuts per lb.	*Nuts per lb.*	*U.S. dol. per lb.*	*U.S. dol. per lb.*	*U.S. dol. per lb.*
1 Ex-large	30/35	40/45	0.14	0.18	0.20
1 Large	35/40	45/50	.12	.16	.18
1 Weak large	40/45	50/55	.11	.15	.17
2 Ex-medium	45/50	55/60	.11	.15	.17
2 Medium	48/58	58/68	.10	.14	.16
2 Small	over 58	over 68	.10	.14	.16

Type	Shelled	
	Size	Price, f.o.b.
	Nuts per lb.	*U.S. dol. per lb.*
1A & 2A Tiny	180/220	0.40
3A Midget	160/180	.38
4A Small	140/160	.37
5A & 6A Medium	110/130	.36
7A Large	90/110	.36
8A Chipped	—	.35
9A Broken	—	.32

SUGAR AND TROPICAL PRODUCTS

Greece Expands Sugar Processing

Two new sugar refineries are to be constructed in eastern Greece (eastern Macedonia and Thrace). The first is due to become operational later this year, while the second is scheduled for 1975.

The expansion of sugar beet production prior to 1971—primarily due to increased yields per acre—was greater than had been anticipated, and the processing period of the refineries had to be extended, thus increasing the cost of production. Operation of the new refineries will shorten the processing period.

The Government has set sugar beet prices to farmers for the 1972 harvest at 550 drachmas per metric ton (US$18.33), 10 percent above the 1971 price.

Tanzanian Sisal Crop Reduced by Drought

January-April sisal production was 15 percent below that of a year earlier in Tanzania, the world's largest exporter. Owing to this decline as well as to drought-reduced production in some other sisal-producing areas, prices for top grades have advanced by about 32 percent since January.

DAIRY AND POULTRY

Canada Terminates Egg Producer Aid Program

On June 27, Canada's Minister of Agriculture terminated the program to remove excess hens from the Canadian laying flock. Initially the goal of this program was to remove a maximum of 1 million hens in a maximum period of 8 weeks.

The enthusiastic response of the producers enabled the Government to complete the program in less than 3 weeks. As a result of the program, the national egg production target for Canada will now be 475 million dozen per year. Last year Canada produced 499 million dozen eggs.

CORRECTION: In the July 10 issue, article entitled "Structural Reforms in European Agriculture" by Gordon O. Fraser, page 10, second paragraph from end, the words "ask one critical question" should read "make more visible one critical question."